

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

In Re: HEALTH TECH HARBOR, INC.	Case No.	20-19017 RG
	Adv. No.	21-01278 RG
	Chapter:	7
	Judge:	Rosemary Gambardella

NOTICE OF PROPOSED COMPROMISE or SETTLEMENT OF CONTROVERSY

Benjamin A. Stanziale, Jr., Chapter 7 Trustee (“Trustee”) for Health Tech Harbor, Inc. (“Debtor”) in this case and plaintiff in the above-referenced adversary proceeding, proposes compromises, or to settle claims and/or actions as described below. If you object to the settlement(s) or compromise(s), you must file a written objection with the Clerk of the United States Bankruptcy Court, and serve it on the person named below not later than 7 days before the hearing date.

Address of the Clerk:	United States Bankruptcy Court Martin Luther King, Jr. Federal Building 50 Walnut Street Newark, New Jersey 07102
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If an objection is filed, a hearing will be held before the Honorable Rosemary Gambardella on January 18, 2022 at 10:00 a.m. at the United States Bankruptcy Court, Martin Luther King, Jr. Federal Building, 50 Walnut Street, Third Floor, Courtroom #3-E, Newark, New Jersey 07102 (hearing to be scheduled for at least 28 days from the date of the filing of the notice). If no objection is filed, the Clerk will enter a *Certification of No Objection* and the settlements may be completed as proposed.

<p><u>Nature of action:</u> The Debtor filed an action against Han Benefit Advantage, Inc. d/b/a BenAdvance (“BenAdvance”) in the Superior Court of New Jersey seeking to collect amounts due on a Demand Promissory Note, asserted to total in principal and interest to that date \$2,310,713.25, plus accruing interest. The action was removed to the Bankruptcy Court and is pending under Adv. Pro. No. 21-01278. In addition, the Trustee believes that the Debtor has claims against Health Alliance Network, Inc. (“HAN”) and Health Alliance Group, Inc. (“HAG”), entities related to BenAdvance of \$76,000 and \$50,000, respectively.</p>
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<p><u>Pertinent terms of settlement:</u> BenAdvance will pay to the Debtor’s bankruptcy estate the total sum of \$350,000. BenAdvance will pay \$275,000 after approval of the settlement. BenAdvance will pay an additional \$75,000 to the Debtor’s bankruptcy estate within six (6) months thereafter. If this amount is not paid when due, the Trustee, on behalf of the Debtor’s bankruptcy estate, may obtain a judgment against BenAdvance, as well as HAN, HAG, and Anthony Milone in that amount by filing of a consent judgment executed by those entities and Mr. Milone. The Trustee on behalf of the bankruptcy estate, on the one hand, and</p>

BenAdvance, as well as HAN, HAG, and Mr. Milone, on the other, will exchange releases, and the adversary proceeding will be dismissed with prejudice and without costs. Prior to the appointment of the Trustee, BenAdvance entered into a Securities Exchange Agreement with certain creditors of the Debtor who have invested money in the Debtor. The Debtor subsequently loaned approximately \$2.3 million of that money to BenAdvance, recovery of which is the subject of the adversary proceeding. Certain of the investors/creditors of the Debtor, in accordance with the Securities Exchange Agreement, will waive approximately 22.77% of the principal amount of their filed claims against the Debtor's estate in exchange for which BenAdvance will provide these creditors with equity interests in BenAdvance.

NOTWITHSTANDING THE CONTENT OF THESE SECURITIES EXCHANGE AGREEMENTS BETWEEN THESE CREDITORS AND BENADVANCE, IN ORDER TO TAKE ADVANTAGE OF THIS EXCHANGE OF A WAIVER OF A PORTION OF A CREDITOR'S CLAIM AGAINST THE ESTATE FOR EQUITY IN BENADVANCE, THE CREDITOR MUST HAVE FILED A PROOF OF CLAIM AGAINST THE DEBTOR BY THE BAR DATE IN THIS CASE OF DECEMBER 20, 2021.

Of the \$10,042,500 in the total principal amount of such potential claims, holders of at least \$9,517,500 of the principal amount of such claims have expressed an intent to participate in this settlement by filing a claim and then waiving 22.77% of the principal amount of such claim. The reduction in said claims based on this participation would be \$2,167,134.75. The total amount of the reduction in claims may change depending upon the number of creditors who actually file a proof of claim. In addition, BenAdvance has represented that certain additional creditors of the Debtor, with potential claims of \$1,400,000, have agreed with BenAdvance to file a proof of claim and then waive 22.77% of the principal amount of their claims in exchange for equity interests in BenAdvance as part of this settlement with the estate, which would result in a further reduction of claims totaling \$318,780. In addition, certain BenAdvance insiders have agreed to file proofs of claim and then waive or reduce such claims providing for a further reduction of \$415,079.50 in claims against the Debtor's estate as part of the settlement.

Based on the Trustee's accountant's review of BenAdvance's financial information and on an independent valuation report prepared on behalf of BenAdvance, absent the conclusion of the proposed settlement, BenAdvance may well be forced out of business and the Trustee will be able to recover little, if any, portion of any substantial judgment the Trustee may obtain in the future. Nevertheless, seeking and obtaining such a judgment, and seeking to collect on same, would incur a substantial administrative expense for the Debtor's estate and the risk of uncertainty. In addition, conclusion of the settlement is anticipated to reduce the claims against the estate by at least in excess of \$2.8 million. Further, incorporating in this global settlement a settlement of the Debtor's claims against related entities HAN and HAG avoids the expense, delay, and risk of the separate litigation and collection of those claims. Finally, the vast majority of the Debtor's creditor body endorses this settlement. The settlement allows most of those creditors to recover at least a portion of their losses by receiving equity in BenAdvance.

Objections must be served on, and requests for additional information directed to:

NAME:	Patricia A. Staiano, Esq.
ADDRESS:	Hellring Lindeman Goldstein & Siegal LLP
	One Gateway Center, Newark, New Jersey 07102
TEL. NO:	973.621.9020